0006

# State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

September 15, 1999

TO: File

THRU: Pamela Grubaugh-Littig, Project Lead

THRU: Daron Haddock, Permit Supervisor

FROM: Paul Baker, Reclamation Biologist

RE: Permit Renewal, Castle Gate Holding Company, Castle Gate Mine, ACT/007/004-PR99 , Folder #2, Carbon County, Utah

**SUMMARY:**

As part of its permit renewal application, Castle Gate Holding Company has revised information for the ownership and control, violation information, bonding, and insurance sections of its mining and reclamation plan.

**TECHNICAL ANALYSIS:**

# ADMINISTRATIVE INFORMATION

## OWNERSHIP AND CONTROL

Regulatory Reference: R645-301-112

**Analysis:**

Castle Gate Holding Company has revised information for the ownership and control section of its mining and reclamation plan. The permit transfer from Amax Coal Company to Castle Gate Holding Company was approved September 11, 1998, but the mining and reclamation plan was not changed at that time. On June 30, 1999, stock of Castle Gate Holding Company's parent company, Cyprus Amax Coal Company, was sold to RAG American Coal Company. Appendix 2-3 includes an organization chart for Castle Gate Holding Company and its parent and affiliated companies. Appendix 2-3 also shows the names and identifying

information for several operations of affiliated companies.

The applicant and operator are Castle Gate Holding Company, and the application gives their addresses and telephone numbers. The application also shows the names and other required identifying information for Castle Gate Holding Company's officers and directors, but it does not include this information for other companies that own or control the applicant. The application does not show who will pay the abandoned mine reclamation fee, but since no mining is proposed, the plan does not need this information.

Exhibit 4-1 showing surface ownership has been updated, but some information in the associated text is not complete. The State Division of State Lands no longer exists. Most land owned by the State of Utah is managed by the School and Institutional Trust Lands Administration with some being managed by other agencies, such as the Division of Forestry, Fire and State Lands and the Division of Wildlife Resources.

The application is supposed to show the names and addresses of owners of land within the permit area, but, instead, the application shows owners of land that could be affected by surface disturbance. The application needs to list the names and addresses of surface owners within the permit area.

MSHA numbers associated with the Castle Gate Mine are shown in Table 2-1.

There are no outstanding interests in lands, options or pending bids made by the applicant for lands contiguous to the permit area.

**Findings:**

Information provided in the proposal is not considered adequate to meet the requirements of this section of the regulations. Prior to final approval, the applicant must provide the following in accordance with:

**R645-301-112.300,** The application needs to include the name, address, and social security number or employer identification number of each person that owns or controls the applicant.

**R645-301-112.500,** The application needs to include the name and address of each legal or equitable owner of record of surface property to be mined. The name and address of the manager of state lands in the permit area and contiguous areas needs to be updated.

## VIOLATION INFORMATION

Regulatory Reference: R645-301-113

**Analysis:**

According to the application, neither the applicant nor any of its subsidiaries, affiliates, or persons controlled by or under common control with the applicant has had a federal or state mining permit suspended or revoked in the last five years nor forfeited a mining bond or similar security deposited in lieu of bond.

The only mine operated by the applicant is the Castle Gate Mine, and no violation notices have been issued to the Castle Gate Mine within the past three years. The application also contains violation information for the Star Point and Willow Creek Mines.

**Findings:**

Information provided in the proposal is considered adequate to meet the requirements of this section of the regulations.

## RIGHT OF ENTRY

Regulatory Reference: R645-301-114

**Analysis:**

All rights of entry and reclamation obligations are being retained by Castle Gate Holding Company. No further information is required.

**Findings:**

Information provided in the proposal is considered adequate to meet the requirements of this section of the regulations.

## UNSUITABILITY CLAIMS, PERMIT TERM, INSURANCE, PROOF OF PUBLICATION

Regulatory References: R645-301-115, R645-301-116, R645-301-117

**Analysis:**

There are no changes to the section dealing with unsuitability claims. The proposed permit term is for five years ending December 24, 2004.

A copy of the liability insurance policy is included in Appendix 2-5. This policy complies with the Division's requirements.

The application includes a copy of the proposed newspaper advertisement, and this proposed advertisement includes all required information. The legal description shown is correct according to information on the revised Exhibit 4-1.

**Findings:**

Information provided in the proposal is considered adequate to meet the requirements of this section of the regulations.

**RECOMMENDATIONS:**

The amendment should not be approved until the deficiencies discussed in this memorandum have been adequately addressed.